

## FUNDO BRASILEIRO PARA A BIODIVERSIDADE BRAZILIAN BIODIVERSITY FUND



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## **PERSPECTIVES**

ROSA LEMOS DE SÁ CEO, Funbio



There are changes we feel with a sense of dismay, like climate extremes caused by human activity. But there are others that fill us with pride: from this point onwards, they will guarantee the conservation of our biodiversity, key to our wellbeing and sustainable development. These are what drive us, but they can only be brought about through visionary thinking, planning, hard work, and dedication. In 2015, we at Funbio are ushering in some institutional changes that will make us even more efficient in our mission to provide strategic resources for biodiversity conservation. They derive from a strategic review held in 2014 with the collaboration of stakeholders, which will enable us to envisage scenarios and set priorities for the coming ten years.

We are beginning this new stage of our work in 2015 with a great opportunity: the signing of GEF Mar, the biggest program for the protection of marine and coastal areas in Brazil. Funded by the Global Environment Facility (GEF) via the World Bank and with a duration of five years, it will support the creation of 120,000 km² of new protected areas in Brazil's exclusive economic zone, a huge area harboring a wealth of biodiversity and natural resources. With this, the percentage of such areas protected in Brazil will rise from 1.5% to 5%, which only goes to show how important these actions are. Like the Arpa program, the work will be done with partners, including the Ministry of the Environment, Instituto Chico Mendes de Conservação da

Biodiversidade (ICMBio), and the Ministry of Mines and Energy.

Back on dry land, one of the priorities on Funbio's agenda is the reconstitution of native forests, a hugely important topic for the Atlantic Forest, Cerrado, and Caatinga, whose unmatched riches are under intense pressure from human activities.

In 2015 we will become the first national agency of the GEF in Latin America. We owe this accreditation not just to our performance during the process, but to all the successful projects we have managed over our 18-year history. The difference we have made to conservation, providing support for 207 projects and 282 protected areas in Brazil, is what makes us fit for this new mission. Since its creation, Funbio has demonstrated an unswerving vocation as an interlocutor not just with governments and national institutions, but also with large international donors.

Our 2014 results show it is possible to intensify biodiversity conservation efforts by galvanizing the efforts and resources of different stakeholders towards the achievement of common goals. Our almost 20 years' accumulated experience and the expertise of our Governing Council keep Funbio on track as a benchmark in the channeling of resources and facilitation of solutions for the conservation of our most precious national heritage: biodiversity.

## **VISION**

To be the benchmark in enabling strategic resources and solutions for the conservation of biodiversity



Funbio serves as a bridge between programs and projects and sources of funding, identifying new opportunities to achieve the best possible results for biodiversity conservation. It also channels these resources into activities in the field by publishing calls for projects, passing through funds to other institutions, procuring goods and services, and providing logistical support.

"I am extremely excited about welcoming Funbio to the GEF Partnership. Funbio is one of Latin America's premier biodiversity conservation organizations, and I am thrilled that the GEF will now be able to draw on Funbio's many strengths and strong track record. Funbio is a long-time partner of the GEF in Brazil, and I am looking forward to the two of us working even closer together in the future"

DR. NAOKO ISHII, GEF CEO & Chairperson

The Brazilian Biodiversity Fund (Funbio) is a registered non-profit civil association. It started operating in 1996 as an innovative financial mechanism for the development of strategies that contribute to the implementation of the UN Convention on Biological Diversity in Brazil. It is a strategic partner for public and private sector entities and organized civil society, finding ways to consolidate conservation policies and enable environmental funding programs, and helping companies make socioenvironmental investments, reduce and mitigate their impacts, and fulfill their legal obligations.

In 2014, the total Funbio has administrated throughout its 18-year existence topped half a billion dollars. Over this period it has supported 207 projects and 282 protected areas in Brazil.¹ Also in 2014, after three years of rigorous evaluations and investments to make it more institutionally robust, Funbio was accredited as the first national agency of the Global Environment Facility (GEF) in Latin America, joining a select group of GEF agencies around the world, which include the World Bank and the Inter-American Development Bank.

## In 18 years we have: administrated 526 million dollars\*

Supported 207 projects from 158 different institutions

**1** Numbers from *Funbio* + *Áreas Protegidas*, published in October 2014.

<sup>\*</sup> This number is the sum of all the contracts Funbio has signed since it started operations, converted into U.S. dollars at the exchange rate on the last day of the month of their signing. Contracts denominated in dollars are included at their face value.



Funbio operates through different teams that work in a coordinated and cross-disciplinary manner on the projects managed by the institution.

## PROGRAM AND PROJECT MANAGEMENT

This area is responsible for investing resources in initiatives in the field through calls for projects and transfers of resources to other institutions. It also procures goods and services and provides the logistics needed to roll out projects and consolidate protected areas.

## **ACTIVITIES**

- Operation of programs and funds
- Financing of projects through calls for proposals
- Financial management of projects
- Procurement and logistics
- Systems for project planning and management
- Creation of socioenvironmental funds

## MANAGEMENT OF FINANCIAL MECHANISMS

This area formulates and consolidates innovative mechanisms that yield a larger volume of resources for the conservation and sustainable use of biodiversity. It conducts feasibility studies and analyses of territories for their financially sustainable conservation.

## **ACTIVITIES**

- Mapping and analysis of agendas, demands,
   and actors to support interventions in the land
- Analysis of the financial environment for projects
- Optimization of access to existing resources and development of new sources
- Development of financial mechanisms
- Studies for the coordination of policies, programs and projects

Photo: Du Zuppani





## **CLIMATE CHANGE**

This area takes actions designed to maintain essential forests in order to mitigate the effects of climate change and its impacts on biodiversity.

## **ACTIVITIES**

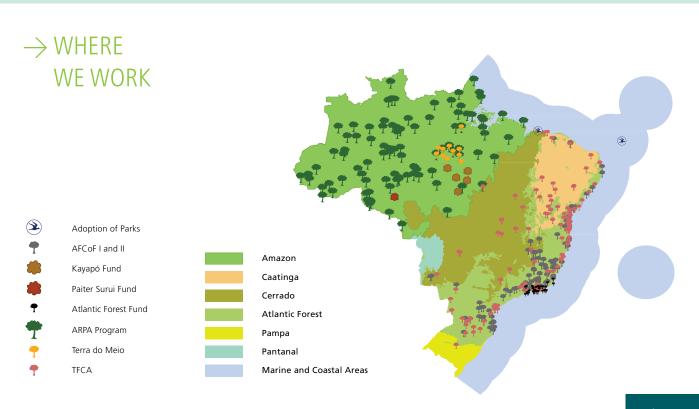
- Development of REDD+ initiatives and mechanisms for distributing the benefits from REDD+ projects
- Discussion of public policies for climate change
- Capacity building and technical support for REDD+ initiatives

## **NETWORK MANAGEMENT**

This area develops collective knowledge building processes, exchanges of experience, and capacity building for other environmental networks and funds, contributing to the development of innovative solutions and the spread of best practices in conservation finance.

## **ACTIVITIES**

- Executive secretariat of international networks
- Capacity building for environmental funds in Latin America, the Caribbean and Africa
- Information and database systematization
- Organization of debates and studies
- Publications on best practices in conservation finance





## LETTER FROM THE CHAIRMAN

ALVARO DE SOUZA

Chairman of the Funbio Governing Council in 2014



If the skeptics, whether enlightened or not, had any doubts about how quickly and seriously climate change would affect the lives of billions of people, 2014 surely put an end to their uncertainties: it was the hottest year since average global temperatures were first recorded in the late nineteenth century.

It was also the year when the water issue took on dramatic overtones in Brazil, alerting and galvanizing different sectors around the pressing need to plan for and mitigate the impact caused by human activities and a development model that is unsustainable.

Despite the positive changes seen in recent decades, there can be no question as to how great the scope, challenges, and opportunities in the field of biodiversity conservation are – the heart of all Funbio's work. With our relentless quest for solutions and the experience we have acquired over almost 20 years of activities, we are more than equipped to take the lead in this work in partnership with international and third sector agencies, governments, and the private sector.

In October, after a detailed evaluation process lasting three years, Funbio was

accredited as the first national agency of the Global Environment Facility (GEF) in Latin America, joining a group of other agencies that include the World Bank and the Inter-American Development Bank. The GEF has already channeled 13.8 billion dollars into biodiversity conservation. As a GEF agency we will, as of 2015, be working even more closely with this institution, whose donation of 20 million dollars to the Brazilian Ministry of the Environment in 1995 enabled Funbio to be created.

In 2014 the Arpa program set up a Transition Fund Committee, whose executive secretariat is Funbio. This committee is responsible for the investment policy for the 215 million dollars that will enter the program over the coming 25 years. Funbio supported the fundraising effort, which resulted in a five million dollar donation by Anglo American.

We also created a Nomination and Governance Committee, which will help the Governing Council review Funbio's governance model, while also approaching and selecting people to be its members.

At the World Parks Congress in November, Funbio launched a new book, *Funbio* + *Áreas Protegidas*, which presents its considerable experience in supporting protected areas. We have already provided direct support for 282 protected areas, which represent 39% of the protected land in Brazil, plus six indigenous lands. The success of the Atlantic Forest Fund, created in 2009, has awakened great interest in other countries, as it constitutes an original mechanism for gaining access to funds from environmental compensation.

We have consistently proven our capacity to rise to all the challenges we have faced and to take full advantage of all the opportunities in a bid to fulfill our mission and our very *raison d'être* in the most responsible of manners.

However, when we look forward to the future, it is clear that we will have to dramatically broaden our scope and extend the capacities of our teams. Business as usual will not be enough if we want to make a real impact on the scenarios to come.

This is why Funbio took some time out in the last few months of 2014 to engage in deep, strategic reflections, and why, as of the beginning of 2015, we will take a new position better suited to tackling these challenges and seizing these opportunities.



## **GOVERNANCE**

The Governing Council has 16 members from the academic, environmental, business, and government sectors, and is responsible for setting the general strategy and direction for Funbio. It holds meetings three times a year and evaluates the strategic and managerial direction taken by the institution. Former members of the Governing Council and leaders in their respective fields are invited to sit on Funbio's Advisory Board, whose 34 members provide technical advice for the institution. It convenes once a year and can also form technical committees.

The third meeting held by the Governing Council in December was attended by the executive secretary of the Ministry of the Environment, Francisco Gaetani. It was also the last meeting of Roberto Waack, who leaves an outstanding legacy from his eight years serving as a member of the council. His seat will be taken by Didier Tisserand, president of L'Oréal Brazil.

The meeting of the Advisory Board, held in August, focused on funding for protected areas in Brazil and how it interfaces with different agendas. The representative from Vale, Alberto Ninio, as well as Governing Council members Paulo Moutinho, from Instituto de Pesquisas Amazônicas, and Adriana Ramos, from Instituto Socioambiental, presented different perspectives on the business agenda, climate change, and environmental policies.

The Funbio team gave a preview of the results compiled in the book *Funbio* + Áreas *Protegidas*. At the event, tribute was paid to Ibsen de Gusmão Câmara, from the Governing Council, who died in July 2014, for the contributions he made to the fulfillment of the institutional mission.

## **GOVERNING COUNCIL UNTIL DECEMBER 2014**

## CHAIRMAN

Alvaro de Souza - AdS

## **ACADEMIA**

Danielle Moreira – PUC-Rio Niro Higuchi – INPA Ricardo Machado – University of Brasilia Sérgio Besserman – PUC-Rio

## **ENVIRONMENT**

Adriana Ramos – ISA Miguel Milano – Instituto LIFE Paulo Moutinho – Ipam Pedro Leitão – consultor

## VICE-CHAIRMAN

Bruno Mariani – Symbiosis

## **BUSINESS**

Alvaro de Souza – AdS Bruno Mariani – Symbiosis Gabriel Azevedo – Odebrecht Roberto Waack – Amata

## **GOVERNMENT**

Marcelo de Paula – MPOG-SEAIN Roberto Cavalcanti – MMA-SBF Roberto Vizentin – ICMBio

(vacant position to be filled by a person appointed by the Ministry of Science, Technology and Innovation)

## FINANCE AND AUDIT COMMITTEE

Alvaro de Souza, Bruno Mariani, Gabriel Azevedo, and José Alentejano (consultant).

## **ASSET MANAGEMENT COMMITTEE**

Alvaro de Souza, Bruno Mariani, Fábio Spínola (Apex), Francisco José Aguiar de Cunto (consultant), Gabriel Amado de Moura (Itaú), José Alentejano, Marcelo Tomaszewski (JPL), and Artur Wichmann (Verde Asset).

- \* Secretariat of International Affairs, Ministry
- of Planning, Budget and Management

  \*\* Secretariat of Biodiversity and Forests,
  Ministry of the Environment



## **GOVERNANCE**

## **ADVISORY BOARD**

Angelo Machado Aspásia Camargo

Beatrice Padovani Ferreira

Benjamin Gilbert

Carmen Lúcia D.B.R. Wongtschowski

Claudio Pádua Fábio Scarano

Francisco José Aguiar de Cunto

Guilherme Frering Guilherme Leal Gustavo Fonseca

Haroldo de Matos Lemos Ibsen de Gusmão Câmara

(falecido em julho de 2014)

Jean Marc von der Weid José Adalberto Veríssimo José Augusto Alentejano

Juscelino Martins Lidio Coradin

Luiz Felipe Andrade Luiz Paulo Pinto Marcelo Tomaszewski Marcos A. V. Freitas

Maria Cecilia Wey de Brito

Maria das Dores V. Cavalcante Melo

Maria José Guazzelli

Maria Mercedes von Lachmann

Muriel Saragoussi

Nurit Bensusan Oscar Graca Couto

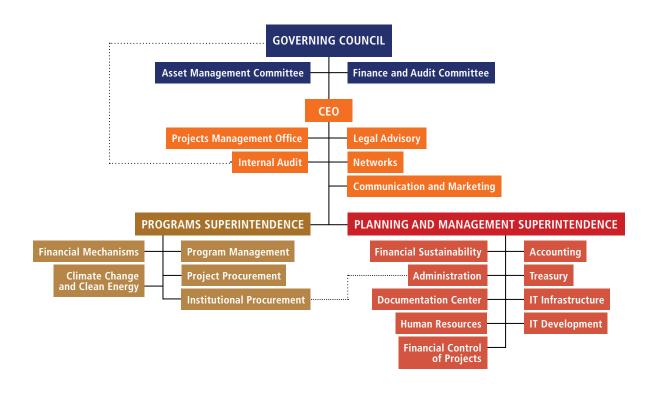
Ricardo Soavinski

Roberto Konder Bornhausen Roberto Luiz Leme Klabin

Roberto Paulo Cezar de Andrade

Ronaldo Weigand Ruy Barbosa da Rocha

## → FUNBIO ORGANIZATIONAL CHART



## WHO WE ARE

## MEMBERS OF OUR TEAM IN 2014

### CEO'S OFFICE

Rosa Lemos de Sá (CEO) and Ana Flávia Pavoni (Assistant).

## **PROJECT OFFICE**

Mônica Ferreira

## COMMUNICATION AND MARKETING

Helio Hara, Flávio Rodrigues, and Renata Zambianchi.

## LEGAL DEPARTMENT

Flávia Neviani, Mateus Almeida, and Paulo Miranda.

## **INTERNAL AUDITOR**

Alexandra de Macedo

## PROGRAM SUPERINTENDENT

Rosa Lemos de Sá

## PROGRAM MANAGEMENT

Fábio Leite, Alexandre Ferrazoli, Clarissa Pimenta, Daniela Leite, Danielle Calandino, Erika Polverari, Fernanda Marques, Filipe Mosqueira, Flávia Gomes, Laura Petroni, Ilana Parga Nina, Maria Rita Olyntho, Mary Teixeira, Natalia Paz, Nathalia Dreyer, Rejane Freitas, and Vanina Antunes.

## NETWORKS

Camila Monteiro, Igor de Almeida, Karine Barcelos, and Rômulo Collopy.

## **CLIMATE CHANGE UNIT**

Ângelo Augusto dos Santos

## ECONOMIC AND FINANCIAL MECHANISMS UNIT

Manoel Serrão, Andreia de Mello, Anna Beatriz Gomes, Leonardo Geluda, Julia Queiroz, and Nícia Coutinho.

## PLANNING AND MANAGEMENT AREA

Aylton Coelho Neto

## FINANCIAL SUSTAINABILITY

Marina Machado

## **FINANCE**

Ana Maria Ramos, Ana Paula Lopes, Daniele Soares, Fábio Abreu, Felipe Camello, Flavia Fontes de Souza, Josicleide Bezerra, Luiza Duarte, Marilene Viero, Priscila de Brito, Priscila Laranjeira, Roberta Martins, Vitor da Silva Vieira, Mayara Bernardes, and Sérgio Dumay.

## **HUMAN RESOURCES**

Heloisa Helena and Barbara Santana.

## DOCUMENTATION CENTER

Jacqueline Ricarte and Danúbia Cunha.

## **PROCUREMENT**

Alessandro Jonady, Ana Lúcia dos Santos, Eliane da Silva, Fernanda Jacintho, José Mauro de Oliveira, Juliana Penna, Livia Berçot, Maria Bernadette Lameira, and Vinícius Chavão.

## **ADMINISTRATION**

Flávia Mol, Alyne Pires Cunha Silva, Claudio Silvino, Luciana Bresciani, and Márcio Maciel.

## INFORMATION TECHNOLOGY

Alessandro Denes, Gilles Villeneuve, Igor Coutinho, and Vinícius Barbosa.

## **INTERNS**

Ana Lídia Macedo, Bruna Muniz, Felipe Serra, Jaqueline Santos, Luis Fernando Farah, Mateus de Souza, Natália Santos, Thais Medeiros, and Yully Vogas.

### **ETHICS COMMITTEE**

Andreia de Mello, Heloisa Helena, Jacqueline Ricarte, and Paulo Miranda

In 2014, the Funbio team comprised 56 female and 29 male employees, interns, and independent contractors.



## PROGRAM AND PROJECT MANAGEMENT

Photo: Du Zuppani





Photo: Arpa program archive



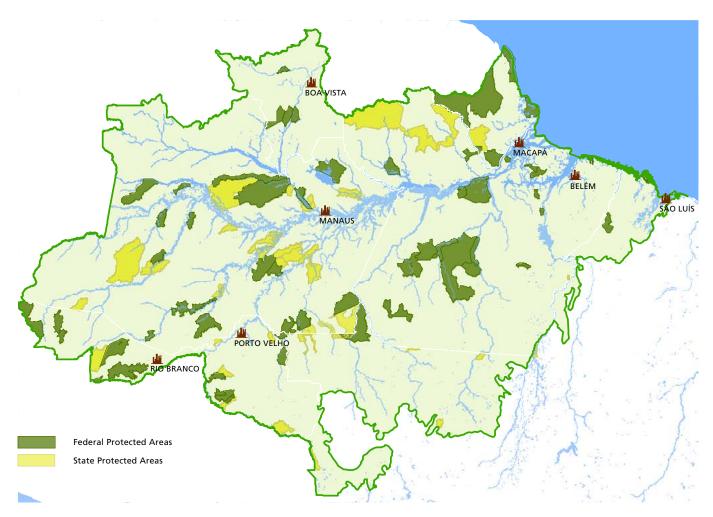


Arpa is the world's largest tropical forest protection initiative. Its goal is to conserve and promote the sustainable use of 60 million hectares – 15% of the Amazon region – in protected areas. Funbio manages the financial resources, procures goods and services for the protected areas, and manages the assets from the Transition Fund, which will assure the sustainability of the program in the long term.

By 2014, 95 of the Arpa protected areas were receiving support, summing 52 million hectares. The target is to provide for the conservation and sustainable use of 60 million hectares - 15% of the region.

This fund has incorporated the Protected Areas Fund, which was set up for the first phase of the project, and receives new funds from international cooperation and private donations. The aim is for the Transition Fund to reach 215 million dollars. These resources will provide gradually decreasing support for the Arpa protected areas over the transition period until 2039, while governments will increase their funding until they cover all the costs of maintaining the protected areas. Today, in its second phase (2010-2015), Arpa is supporting the creation of new protected areas covering over 13.5 million hectares, while consolidating existing protected areas covering around 32 million hectares.

By 2014, Arpa had supported the creation of 95 protected areas covering a total of 52 million hectares, with a further 20 in the process of being created. Its Transition Fund held around 181 million reais. Also in 2014 it prepared its



## → ARPA PROGRAM PROTECTED AREAS

operational plan for 2014-15, drafted management plans, held meetings of the management boards of protected areas, addressed boundary demarcation and land tenure issues, prepared and implemented protection plans, and acquired the basic equipment needed for the management of the protected areas.

In 2014 around 13 million reais were invested in public consultation processes, research and monitoring, the acquisition and installation of equipment, and management plans.

The activities from the capacity building plan also started being rolled out,

and the best way of structuring the distance learning planned for 2015 was discussed. The program committee held a meeting where it presented the progress made and discussed the next steps for implementation.

Funbio held an in-house workshop to improve operational practices by identifying the critical points in Arpa operations and devising ways of improving them. Around 20 employees from 11 different departments were involved: programs, procurement, finance, legal, accounting, communications, human resources, IT, financial sustainability, project management, and treasury. As

the participants worked together to identify problems and come up with solutions, they effectively built a clearer vision of the program as a whole.

Arpa is currently supporting the consolidation of 95 protected areas in the Amazon and the creation of a further 20 by assisting in the drafting of management plans, the formation of management boards, boundary demarcation and land tenure arrangements, the supply of amenities and infrastructure, and covering recurring costs such as fuel, materials, and low-cost local services.



































This project is designed to create and implement a new funding strategy for the Amazon Region Protected Areas (Arpa) program. The model combines the resources already in the Protected Areas Fund with private investments and donations from bilateral and multilateral agencies, creating the Transition Fund.

Over a 25-year period, this private fund will provide a decreasing proportion of the funding for Arpa as government funding gradually increases until it covers the entirety of the costs of Arpa.

Arpa for Life was launched during Rio+20 as a joint initiative of the WWF, Funbio, the Linden Trust for Conservation, the Gordon and Betty Moore Foundation, the Brazilian Ministry of the Environment, and Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio), and counts on support from the other partners in the Arpa project. The initiative sets fundraising targets based on cost estimates made using data from the Arpa

program, which Funbio has compiled since it was started in 2003, in conjunction with data on investments from ICMBio. To attain these targets, Funbio developed a strategy in 2014 for raising funds from private companies, which yielded the first donation to the tune of five million dollars by Anglo American before the year was out.

In 2014, the Transition Fund Committee was set up with responsibility for providing financial and administrative oversight for the fund's activities. In July, Antonio Paulo de Azevedo Sodré (WWF-Brasil) was elected chairman of the committee, whose members are representatives of Arpa's donor organizations

(GEF, KfW, WWF-US, WWF-Brasil, and the Gordon and Betty Moore Foundation). In the same period, Funbio was appointed executive secretariat of the fund. New institutional and financial arrangements (flows, processes, and governance) will be adopted for the fund in 2015.

Approval was given for the first disbursement in this stage of the program, worth 8.9 million reais. This will be invested in seven protected areas at the most advanced stage of consolidation, namely: Cantão State Park (Tocantins), Jaru Biological Reserve (Rondônia), Rio Xingu Extractive Reserve (Pará), Juruena National Park (Mato Grosso and Amazonas), Arapixi Extractive Reserve,

Rio Jutaí Extractive Reserve, and Apuí Mosaic (Amazonas). Starting in November 2014, around 80,000 reais was invested in research and maintenance and the acquisition of replacement equipment, amongst other things.

The Transition Fund Committee and Funbio, the financial manager of the Transition Fund, also reviewed the second module of the Operational Manual for the Arpa program, covering its rules and regulations. A schedule of meetings was set for 2015, and an investment policy was established for PRAGMA, the asset manager. The investment strategy was designed to cover the 25-year period during which the program is planned to exist.

A workshop was held in Brasilia to identify strengths and weaknesses in the Arpa program together with state representatives. The states' technical, managerial, political, and financial requirements were considered in discussions involving all the departments of the environment that are partners in the program, as well as the WWF, the Ministry of the Environment, and Funbio. The challenges for 2015 include aligning the states' operations to take account of the weaknesses identified. Parallel to this, Funbio continued to develop compensation funds for the states of Pará, Rondônia, Amapá, and Amazonas. The models for Rondônia and Pará were validated.



Photo: Bruno de Brito Gueiros Souza | Arpa program archive





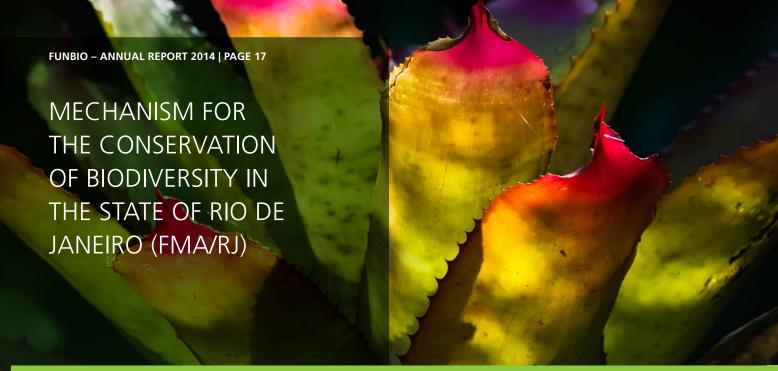












PROGRAM AND PROJECT MANAGEMENT

Photo: Du Zuppani



Better known as the Atlantic Forest Fund, FMA/RJ was developed by Funbio to foster environmental investments in the state of Rio de Janeiro and to find new ways of supporting protected areas more efficiently and transparently.

The FMA funds are administrated by Funbio and channeled by businesses into projects for the conservation and sustainable use of biodiversity in the state of Rio de Janeiro after their due approval by the deliberative bodies, as determined by the State Department of the Environment.

The fund's resources, which Funbio administrates through a partnership with the Rio de Janeiro State Department of the Environment, are obtained from financial compensation for the environmental impacts of industrial ventures, the payment of which is regulated by the National System for Protected Areas.

Since its creation, FMA/RJ has supported 48 municipal, state, and federal protected areas in the state of Rio de Janeiro. Thirteen of these are for sustainable use, and 35 are for complete protection, providing combined protection for around 490,000 hectares. The total allotted to projects from March 2010 to December 2014 summed around 140 million reais, of which around 85 million reais has already been invested. Since the project started, services worth around 58 million reais have been contracted for the parks.

In 2014, 27 new projects were incorporated into FMA/RJ, some of which were unprecedented for the mechanism, such as an environmental education project for three state parks (Desengano, Três Picos, and Pedra Selada), the preparation of a new management model for protected areas in the city of Rio de Janeiro, and the conservation of endangered endemic



Photo: Renata Zambianchi | Funbio

The outcome of a successful partnership, this mechanism provides industry players with an alternative to taking compensatory actions themselves. When a company is relieved of the responsibility for executing its own environmental compensation projects, the funds from environmental compensation tend to be used more quickly and effectively, which is one of the key benefits of this mechanism.

plant species. The operating manual for the joint debit card and the new operating manual for the environmental compensation financial instrument (Rio de Janeiro state department of the environment) were prepared.

FMA/RJ basically provides support for the state's protected areas through the procurement of goods and services, in accordance with the action plans approved by the Environmental Compensation Committee. Companies are hired to prepare management plans and detailed designs, do building work and provide environmental education, amongst other activities. The goods acquired include land and sea vehicles, IT equipment, furniture, and other items. FMA/RJ also makes the payments required to settle land tenure issues for the protected areas, and provides them with joint debit cards to cover small maintenance expenses.

Funbio is working with other states to design similar mechanisms to FMA/RJ, enabling them to harness the funds available for protected areas more effectively.











More than ten countries have already signed these debt-fornature agreements with the USA. Funbio is the executive coordinator of the TFCA account, receiving the funds and investing them in projects for remaining patches of Atlantic Forest, Cerrado, and Caatinga, which together cover around 50% of the country and harbor endangered species, like the Vinaceous Amazon Parrot. The total value of this debt-fornature agreement is 20.8 million dollars.

This program provides simultaneous support for 82 programs from seven thematic areas in three biomes of strategic importance to Brazilian biodiversity conservation, which cover 50% of the country's land mass. Due to its sheer scope, the TFCA enables large and small institutions to come into contact and exchange experiences of great importance to the effective conservation of Brazil's tropical forests.

Act (TFCA) is the result of a bilateral agreement between Brazil and the United States, based on a model that allows countries that owe money to the United States to swap their debts for investments in the conservation and sustainable use of their forests.

In 2014, four new projects approved in the last call for projects started receiving support, raising the total number of projects to benefit from the agreement from 78 to 82. Furthermore, approval was given to extend the support given to 16 of these 82 projects whose activities were directly related the creation of new public policies.

By December, investments in six projects had been concluded, all having attained their planned targets and desired outcomes. The current projects continue to be monitored through periodic technical and financial reports submitted by the project teams and on-site monitoring, giving a more accurate picture of the progress of the projects and their status with respect to each specific target.

Since 2011, the TFCA has held five calls for projects, in which 82 projects have been selected to receive support. By the end of 2014, 71 already had their results monitored by Funbio. The thematic areas covered are: protected areas, land-scape management, capacity building, species management, community projects, network strengthening, and capacity building in the mobilization of financial resources.

**PARTNERS** 





Ministério do **leio Ambiente** 



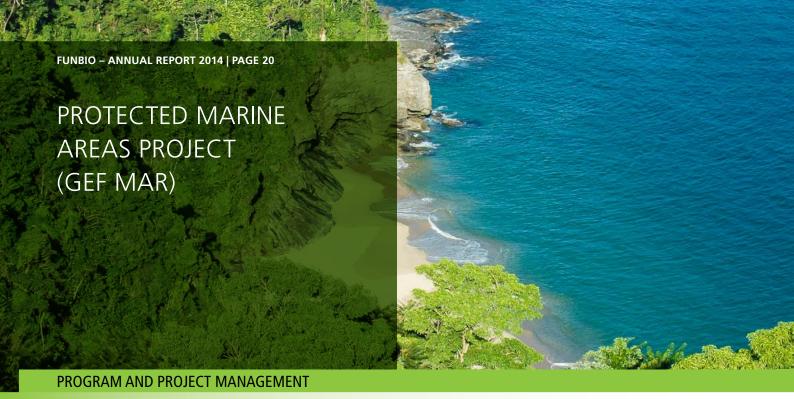


Photo: Palê Zuppani



The aim of this project is to support the creation and implementation of an effective, representative network of protected marine and coastal areas to reduce biodiversity loss. This broad-based action plan combines different agendas in a bid to support marine and coastal conservation.

Run jointly by Funbio, the Ministry of the Environment, Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio), the Ministry of Mines and Energy, and Petrobras, the program is financed by the Global Environment Facility (GEF) via the World Bank. The primary target is to create 120,000 km² of protected marine and coastal areas, bringing the percentage of such areas protected in Brazil from 1.5% to 5%.

GEF Mar will receive a total of around 116 million dollars: 18.2 million dollars from the GEF, 20 million dollars from Petrobras, and co-financing from Petrobras in economically measurable goods and services worth a further 70 million dollars. The project has also received co-financing from the Ministry of the Environment and ICMBio.

This project is a prime example of private sector involvement in and government commitment to marine biodiversity conservation. It is considered by the World Bank to be a benchmark for the Global Partnership for Oceans, an expanding alliance of over a hundred governments, international organizations, and private sector and civil society groups, including Funbio, with a common commitment to marine conservation.

In early 2014 the first workshop was held to evaluate the needs of the

protected areas and research centers, providing inputs for their annual operational plans, which detail what activities and resources will be needed to roll out the project.

The contract negotiations, disbursement conditions, and project details were formulated by the World Bank in conjunction with all the partners. Also in 2014 a donation agreement was signed by Funbio and the World Bank, and Funbio signed technical cooperation agreements with the Brazilian Ministry of the Environment and ICMBio, enabling the project to take effect before the end of the year.

















Photo: Du Zuppani





The Atlantic Forest
Conservation Fund is a
project administrated by
Funbio to support the
Atlantic Forest Protection
project, which contributes
towards the protection,
recuperation, and
sustainable management
of the Atlantic Forest.
The financing for the
mechanism comes from
KfW Development Bank.

The project itself is part of the International Climate Initiative of the German Ministry for the Environment, Nature Conservancy and Nuclear Safety, which also provides technical support through the German Agency for International Cooperation (GIZ).

In 2014 work for the final phase of the project was continued with the replanning and investment of the final resources, which were internalized for the procurement of goods and services requisitioned by the Ministry of the Environment. The steps required by law for the creation of new protected areas covering around 15,000 km² were also completed. A unit was set up for monitoring and managing biodiversity-

related information, and employees from the ministry were trained in using its equipment.

The interchange fostered between different projects while they were underway was helpful for sharing lessons learnt. Online capacity building and training modules were installed on the Payment for Environmental Services (PES) learning platform supported by the project. Among the many positive outcomes of the AFCoF since it began in 2010 are the 14 pilot PES projects selected and financed in the areas of carbon fixation, quantitative and qualitative water conservation, and biodiversity protection.

**PARTNERS** 



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CONSERVATION AND
MANAGEMENT OF
POLLINATORS FOR
SUSTAINABLE AGRICULTURE
USING AN ECOSYSTEMIC
APPROACH —
POLLINATORS OF BRAZIL



PROGRAM AND PROJECT MANAGEMENT

Photo: Fernando Dias





Pollinators of Brazil is part of an initiative developed in seven countries by the Food and Agriculture Organization of the United Nations with the support of the United Nations Environment Program and financing from the Global Environment Facility. It is the most comprehensive work ever done in Brazil into pollination and its impacts on food production.

The project is coordinated by the Ministry of the Environment, and Funbio is its financial manager. Its results include management plans for seven crops (cotton, cashew nut, canola, Brazil nut, apple, melon, and tomato) and an integrated knowledge base about pollination services.

The initiative is developed in seven countries – Brazil, South Africa, Ghana, India, Kenya, Nepal, and Pakistan – under different names; in Brazil it is called

"Pollinators of Brazil." The Brazilian Ministry of the Environment is its technical coordinator and Funbio is the financial manager. Originally planned to end in 2014, it has been extended another year, and will finish in 2015.

A partnership with the Bee Or Not To Be campaign has been forged to publicize all the material and also for an awareness-raising campaign amongst farmers and the general public about the relationship between pollination and food, and the risks of the disappearance of pollinators (www.semabelhasemalimento.com.br).

The third and last letter of agreement was signed in 2014, since which time a number of different field activities have been undertaken. The project also sponsored two symposia on pollination and pollinizers: the Brazilian Congress of Entomology in the state of Goias, and the Brazilian Congress of Apiculture and Meliponiculture in Pará.

Over three quarters of the plant species used by man as crops for food depend on pollination for their production in quality and quantity. The sixth and last meeting of the project's international committee was held in November in Rome, Italy, where the results obtained and lessons learnt by all its member countries were presented.

In the final phase of the project, efforts are being focused on concluding the capacity building and awareness raising activities already planned, and on publicizing the results. A partnership has been set up with SENAR, a national rural education NGO, and PUC-RS university to hold a pilot capacity building course for farmers and skilled rural

workers in the sustainable management of pollinators.

Since the project started in 2010, it has built a robust base of technical and scientific knowledge, which has been communicated in numerous publications and academic dissertations and theses. The pollinators of seven crops (cashew, Brazil nut, apple, tomato, melon, canola, and cotton) have been studied, and events have been held with farmers to share good practices. Management plans, educational material, and videos will be made available in 2015.



Photo: Viviane Cardoso Pires













NATIONAL PROJECT FOR INTEGRATED PUBLIC-PRIVATE PARTNERSHIPS FOR BIODIVERSITY (PROBIO II)

PROGRAM AND PROJECT MANAGEMENT

Photo: Publius Vergilius





age key industries to adopt the principles and practices of the conservation and sustainable use of biodiversity in their business activities. Funbio's actions are designed to engage private sector players in order to drive the transformation of production, consumption, and land occupation models in Brazil.

The aim of Probio II is to encour-

The project's resources come from the Global Environment Facility through the World Bank, which has allotted a total of 22 million dollars for the partners in the initiative.

The project reached its conclusion in 2014, having taken actions in almost five million hectares (the equivalent of the Netherlands and Jamaica combined) in the Amazon, Atlantic Forest, and Pampas. Beginning in 2008, Probio II partnered with the private sector to introduce biodiversity-friendly practices and strategies in six regions: the south of the state of Bahia, Juruti (Pará), Mato Grosso do Sul, Pampas (Rio Grande do Sul), Vale do Ribeira (São Paulo), and Tapajós-Arapiuns Extractive Reserve (Pará).

The strategy was to focus on areas of over 100,000 hectares that harbored multiple economic activities, like agriculture, livestock farming, aquiculture, forestry, extractivism, and forest and wildlife management, all in areas where biodiversity conservation is a priority. To assure the sustainability of the actions in the medium and long term, different agendas were developed, including strengthening production chains,

incentivizing the silviculture of endemic species and the production of organic foodstuffs, and new financial schemes that incorporate environmental components, biodiversity, and health.

Even though the project has ended, for the coming three years Funbio will still provide support for seven sub-projects whose institutions have received disbursements for the development of production chains in all six regions covered. Monitoring activities are also planned to assess the outcomes obtained. To support this work, Probio II has an opportunity fund that makes biodiversity conservation a prerequisite for private sector initiatives, which has already received pledges of co-financing worth around 47 million reais.

In 2014 the project also posted the knowledge accumulated throughout the project on its web page. This includes business plans and other publications related to the regions covered. It can be accessed at

WWW.FUNBIO.ORG.BR/O-QUE%20FAZEMOS/PROJETOS/PROBIOII



























The Portfolio for the Conservation of Brazilian Fauna and Fishing Resources (Fauna Brazil Portfolio) is a financial mechanism that receives funds from criminal sanctions, environmental fines, donations, sponsorship, and other sources.

Fruit of a partnership with the Brazilian environmental protection agency (Ibama), ICMBio, and the Brazilian Public Prosecution Service, its objective is to finance programs and projects for the conservation of endangered Brazilian wildlife.

Since the Fauna Brazil Portfolio began in 2007, it has supported 11 conservation projects for endangered Brazilian animal species, such as reef-living fish, sea turtles, marine mammals (including the dolphin, humpback whale, and manatee), medium-sized and large felines from the north of Rondônia state, the red-tailed amazon parrot, and the Spix's macaw.

In 2014, having funded the transportation of some Spix's macaws from

Spain and Germany to Brazil, the Spix's Macaw in the Wild project set up to save this species, run in partnership with ICMBio and SAVE Brasil with funding from Vale, received some wonderful news: two chicks had hatched in captivity. This was the first time in 14 years that a Spix's macaw had bred in Brazil. Thanks to this project, these chicks' development is being monitored closely by specialists.

The Manatee Monitoring Project in the Potiguar river basin, the outcome of a contract signed with Petrobras and IC-

MBio's Aquatic Mammals Center in compliance with environmental legislation requirements, held the second and last stage of its aerial census in 2014, continuing the research effort to determine the distribution, estimate the population size, and monitor the movements of sea cows along the Potiguar coast. Significant results were obtained in 2014 from the aerial survey and the remote monitoring by satellite telemetry, identifying where the sea cows live and what their habitats are – essential information for better understanding this species that is so endangered in the region.

















Photo: Ilana Nina | Funbio



This endowment fund was created to provide long-term support for Kayapó organizations and to improve the capacity of the Kayapó indigenous lands, which straddle the states of Pará and Mato Grosso, to maintain their physical integrity. This is the first fund of its kind to receive financial support from the Brazilian Development Bank (BNDES) through its Amazon Fund in partnership with Conservation International.

Two projects selected in the first call for projects of the year received support in 2014 to the tune of 440,000 reais in total. The project proposed by Associação Floresta Protegida, "Institutional Empowerment to Gain Autonomy", will strengthen the economic and political autonomy of the communities represented through the provision of support for production chains and increased participation of the Kayapó people in planning and executing the association's activities.

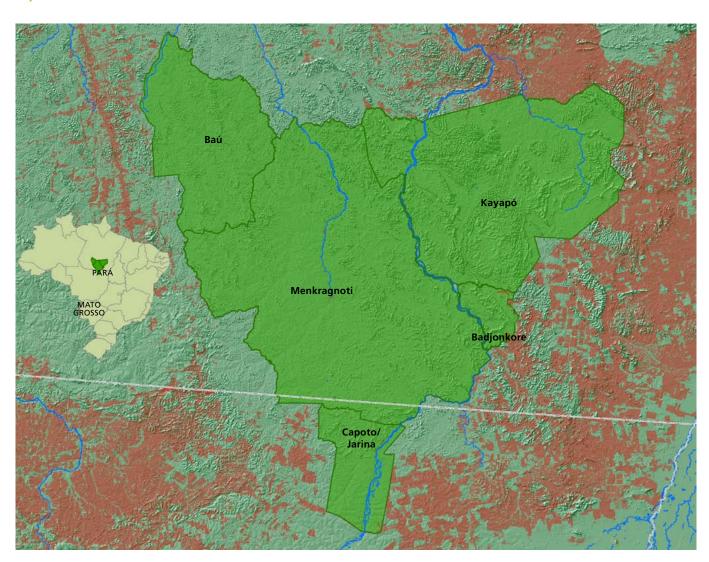
The second project, submitted by Instituto Raoni – Support for Conservation and Sustainable Development in the Capoto/Jarina and Menkragnoti Indigenous Lands – is also designed to strengthen the institution, while providing support for subsistence and income generating activities, raising awareness about the correct disposal of solid waste, and reviving aspects of the indigenous culture by revitalizing the craftwork production chain.

Funbio manages the Kayapó Fund, which contains 15.5 million reais. The aim is to support projects devised by Kayapó indigenous organizations working in the lands covering 10.6 million hectares where around seven thousand people from this ethnic group live.

In the second cycle of investments,

1.8 million reais will be granted for
new projects in Kayapó indigenous
lands as of 2015. Instituto Raoni,
Instituto Kabu, and Associação Floresta
Protegida have all had projects approved
by the technical committee, and are
currently awaiting the approval of
FUNAI. After this, they will be submitted
to the donors' committee for approval.
They are likely to start being executed in
the first half of 2015.

## → KAYAPÓ INDIGENOUS LANDS













Funbio is responsible for administrating these donations, procuring the specialized goods and services needed, financial control, and reporting. In exchange for their investments, companies enjoy public recognition of their sponsorship and gain increased visibility in communication initiatives.

In 2014 the corporate funds received from OGX and Eneva, formerly MPX, continued to be invested in Fernando de Noronha National Marine Park in the state of Pernambuco, and Lençóis Maranhenses National Park in Maranhão, respectively.

Since the project began in 2011, new infrastructure has been built in these parks. At Lençóis Maranhenses, the

main improvements are: building of a bridge over Riacho do Cedro, providing access to Lagoa Azul (a lake that is a key tourist attraction in the park); the building of a car and boat park; the renovation of the Atins outpost, including lodgings and an administration office for the park; renovation and maintenance of all the vehicles, including a Flexboat, Toyota Bandeirantes, quad bikes, and vans. These renovation and maintenance works were crucial for

the inspection activities to be conducted.

In Fernando de Noronha, the administrative headquarters were renovated and extended, a project was drawn up for the renovation and extension of the researchers' lodgings, some goods were acquired, and the park's vehicles and infrastructure were maintained.

PARK	AREA (THOUSAND HECTARES)	TOTAL INVESTED
FERNANDO DE NORONHA NATIONAL MARINE PARK	10.9	4.3 MILLION REAIS – OGX
LENÇÓIS MARANHENSES NATIONAL PARK	155	3.5 MILLION REAIS – ENEVA











While contributing to scientific knowledge on these species, the project also focuses on communicating information and public policymaking concerning the purchase of foodstuffs, minimum prices, and the inclusion of products endemic to Brazil in school meals and government food programs.

This project, run in partnership with Biodiversity International and financed by the Global Environmental Facility through the Food and Agriculture Organization (FAO) and the United Nations Environment Program, was started in the second half of 2012. Funbio is responsible for administrating the project's resources in Brazil.

train the grant holders hired by the project in using the FAO biodiversity database. Two important events were held by the Brazilian Ministry

of the Environment that combined the GEF Nutrition and GEF Cerrado projects. The first event promoted the consumption of Cerrado species by demonstrating recipes and offering tastings of dishes containing them, while the second one fostered integration between the different peoples living in the Cerrado.

Consultants were hired to work with the Ministry of the Environment to prepare communication materials for the project and information about the national partners. The first educational and research establishments were hired and received funds to research the nutritional value of the native species selected by the project, which include the pequi (Caryocar brasiliense), bacuri (Platonia insignis), strawberry guava (Psidium cattleianum), umbu (Spondias tuberosa), and gabiroba (Campomanesia xanthocarpa).

In September, the project donors went to Brasilia for a supervision mission, where they met the project's national committee and visited the Federal University of Goiás to see the joint activities underway. At the end of 2014 the project's international committee convened in Sri Lanka to discuss the results obtained by the four countries involved thus far, Brazil, Kenya, Turkey, and Sri Lanka.

cultural reasons.

Pequi (Caryocar brasiliense), bacuri (Platonia insignis), strawberry guava (Psidium cattleianum), umbu (Spondias tuberosa), and gabiroba (Campomanesia xanthocarpa) are some of the fruits being studied by the project, which aims to include native species into government food programs and school meals.

In 2014 a course was developed to



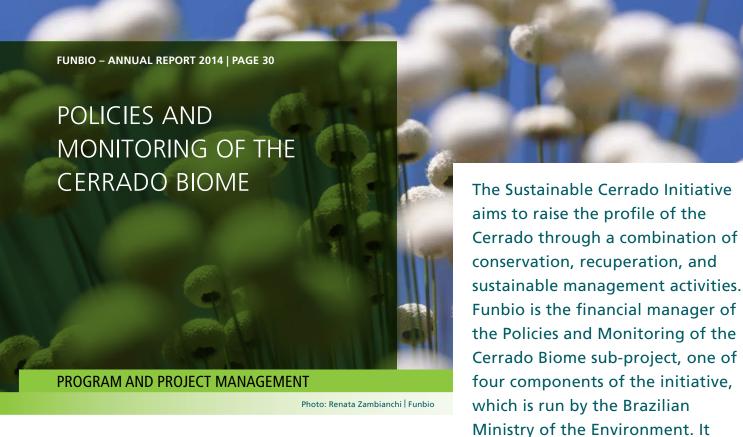














The aim is to develop a framework of public policies for the conservation of the biome, undertake environmental monitoring, expand the area of the biome that is protected, and foster initiatives for the sustainable use of its biodiversity. Since 2010, around 400,000 hectares

of protected areas have been created. Studies have also been done for the expansion of these areas to cover a total of around 2.1 million hectares. Five new public policies have also been created, three Reference Centers in the Recuperation of Degraded Areas (known by their Portuguese acronym, CRAD) have been set up, and training in sustainable management has been given to 720 farmers.

Twenty-seven consultants were hired, who mapped out the land uses and natural vegetation in the biome; did a population survey of wild relatives of two crops, Manihot and Arachis (plant genera), in protected areas; designed

the Cerrado database for the biodiversity portal; developed digital tools for mapping fires in the Jalapão region of the Cerrado; made videos to publicize the initiative, supporting the national action plan for endangered species developed by ICMBio. Fire fighting and prevention equipment, vehicles, and communication systems are also being acquired for the protected areas, as well as laboratory supplies for the CRADs.

received 4 million dollars from the

the government.

Global Environment Facility through the World Bank, which is matched by a further 8 million dollars from

> The work done since 2010 has enabled all the targets set for the five key areas of the sub-project to be met: creation and implementation of protected areas, support for sustainable use initiatives, creation of public policies for the biome, environmental monitoring, and coordination of the initiative.

In 2014, the project provided support for: the 4<sup>th</sup> Chapada dos Veadeiros Seeds and Saplings Fair in Alto Paraíso de Goiás; a food show for native fruits from the Cerrado in Rio Grande do Sul and Goiás; the 13th ordinary meeting and 3<sup>rd</sup> extraordinary meeting of the Sustainable Cerrado Initiative board, where the Cerrado Bill was presented and discussed; and the 8th Encounter and Fair of the Peoples of the Cerrado, providing further inputs for the discussions about the bill.















The mission of this project is to help reduce deforestation and foster biodiversity conservation in the Amazon through the provision of support for the consolidation of 11 protected areas in the region called Terra do Meio.

Situated in the central southern portion of the state of Pará, the region is under pressure from three anthropic sources: the Altamira-Itaituba highway (part of the Trans-Amazonian highway) to the north, the Cuiabá-Santarém highway (BR-163) to the west, and the most exposed agricultural frontier of the Amazon biome, in the southeast. The mosaic is part of a vast area of contiguous protected areas covering a total of 28 million hectares, making it the second largest biodiversity corridor in Brazil.

The activities in 2014 were: signage for the Rio Xingu Extractive Reserve; three inspections; the acquisition of equipment for protection activities; maintenance of boats and land vehicles; the creation of and acquisition of equipment for a support base for the forest fire brigade; and the acquisition of equipment for production clusters.

Two meetings were also held to galvanize the actions of management boards for protected areas, as well as

15 community meetings, one participative planning meeting, one traditional culture workshop, two meetings to draw up declarations of responsibility, and seminars and workshops to establish the protocols for monitoring the sustainable use of natural resources. A course in collecting data from community monitoring activities was run, and actions were taken to strengthen production chains in the Triunfo do Xingu Conservation Area (timber production) and Terra do Meio Ecological Station (flour production).

As an extension of this project was not granted, some of the procurement processes were transferred to the Arpa program, whose financial management is also run by Funbio, and many of whose objectives overlap with those of the Terra do Meio project, in that seven of the 11 protected areas are supported by the program. The Terra do Meio project is preparing to disclose its accounts as it wraps up its activities.

## **PARTNERS**





Ministério do Meio Ambiente





Photo: Daniela Leite | Funbio



Funded by the German Agency for International Cooperation (GiZ), this project aims to build a floating headquarters for Anavilhanas National Park on the Negro river in the Amazon, to be administered by Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio).

Signed in December 2012, the main goal of this initiative is to build a new floating office, using novel structures and alternative energy sources, such as solar energy. The focus is to provide public services and publicize the protected areas in the Negro river mosaic.

Funbio has conducted a variety of activities since the project began, including: obtaining a preliminary license for the building of the structures, preparing the basic design, hiring a company to prepare the detailed design for the floating office, and competitive bidding processes for the services needed to build and assemble it.

The floating office was completed in 2014, and the legal process of donating it to the state of Amazonas is underway, which will then be responsible for maintaining and running it.







## DESIGN, IMPLEMENTATION, AND MANAGEMENT OF FINANCIAL MECHANISMS

Photo: Palê Zuppani

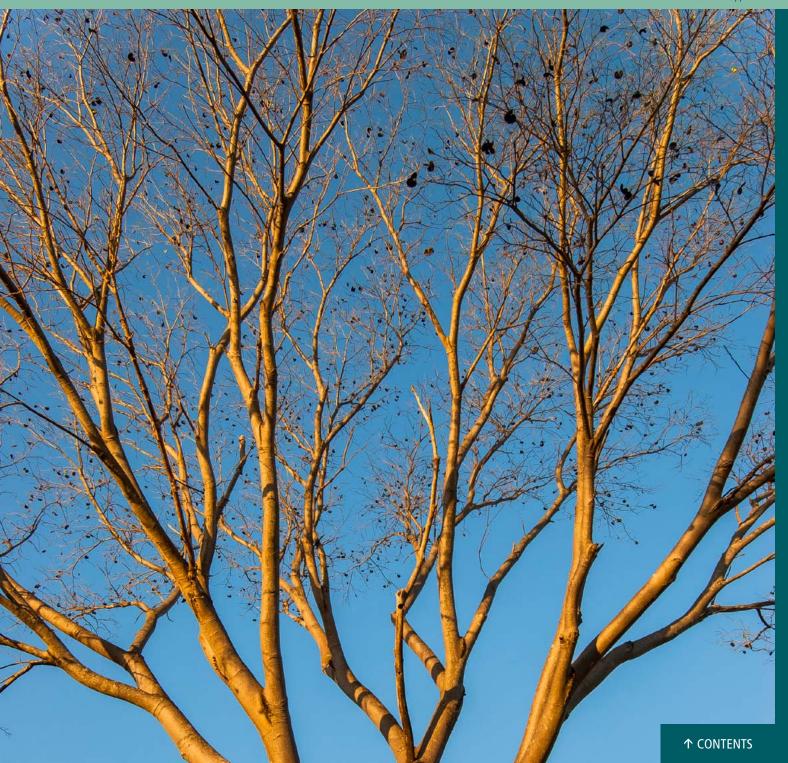




Photo: Renata Zambianchi | Funbio



This study, conducted in partnership with Instituto Semeia, was set up to investigate the financing environment for federal protected areas.

In the publication, the investment and maintenance costs of all the federal protected areas in Brazil were estimated, as well as their current sources of funding, the current allocation of funds, the current funding gap, the potential for additional fundraising, and some propositions about forms of management. Overall, the funding challenges and opportunities facing the nation's federal protected areas were investigated.

In 2014, a major literature review was conducted into the funding of protected areas and its potentialities. An effort was also made to identify what sources of funds for conservation could potentially supplement the existing sources. At the end of the project an article was written, which will be published in 2015.

This project gives an overview of the funding environment for federal protected areas, helping decision makers envisage ways to supplement the existing funding for them.





Photo: Leonardo Geluda | Funbio



Bank, aims to forecast the future costs of consolidating and maintaining the protected areas in Guinea-Bissau and to propose a funding strategy using public monies and the Bioguiné Foundation, resulting in a financial mechanism designed to support the country's protected areas.

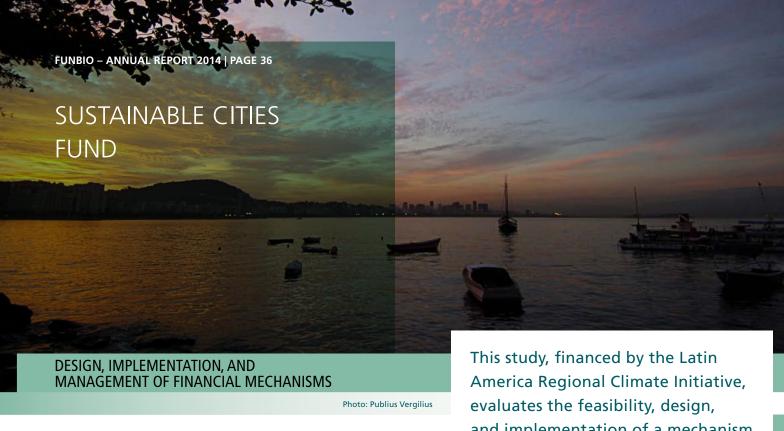
This study, funded by the World

Guinea-Bissau has 70% plant cover, with 45% primary forest. It has great as yet unexploited ecotourism potential, which, if developed by the government through national parks and reserves, could help reduce poverty in the country.

The aim of the study is to prepare a funding strategy for the national network of protected areas in Guinea-Bissau by taking the following steps: estimate the long-term investment and maintenance costs of the protected areas; calculate the current funding gap; identify sources of funding to fill that gap; and design a funding strategy. The funding gap in 2014 was calculated, sources of funding were mapped out and prioritized, and a long-term funding strategy was devised.

As a result of the project, a consolidated financial strategy will be proposed, detailing the priority sources of funds, and an action plan for harnessing these funds for the protected areas in Guinea–Bissau will be designed.







America Regional Climate Initiative, evaluates the feasibility, design, and implementation of a mechanism for funding the environmental and climate agenda of Brazil's urban areas for the creation of a Sustainable Cities Fund.

Cities play a key role in mitigating greenhouse gases and adapting to climate change and its impacts. However, public and private investments have been made in infrastructure that fails to take account of different social, climatic, and environmental variables. Changing these investments also depends on creating new financial mechanisms that facilitate access to existing resources and provide access to new funds to support urban agendas in the long term.

The project, which started in 2013, is making a review of current needs and resources available per sector. A proposed financial and legal mechanism will then be designed, and the interest of potential donors in trying out the mechanism will be gauged. Initially, the Sustainable Cities Fund will be incubated by Funbio.

In 2014, a survey was done of the existing stakeholders, agendas, and financing environment in the Brazilian urban agenda to find out whether there was any room to include a private financial mechanism for cities. The trends in this

agenda and its priority topics were also mapped out. These analyses involved a comprehensive literature review and, more crucially, interviews about sustainable cities with key players.

The appraisal of the priority topics was validated in a workshop held in Rio de Janeiro with key stakeholders in the urban agenda. In partnership with the municipal urban development institute, IPP, the funding needs for social enterprise and local entrepreneurship in Rio favelas to develop inclusive economic growth were also identified, as was the potential of turning these activities into a pilot project.

The next steps will be to analyze the feasibility of the fund, map out the risks, and complete the initial design of the mechanism, taking account of legal, financial, governance, managerial, and administration issues. This will include validation and adjustment stages involving key stakeholders. A roadshow will also be held to raise the funds necessary to effectively launch the fund's activities.



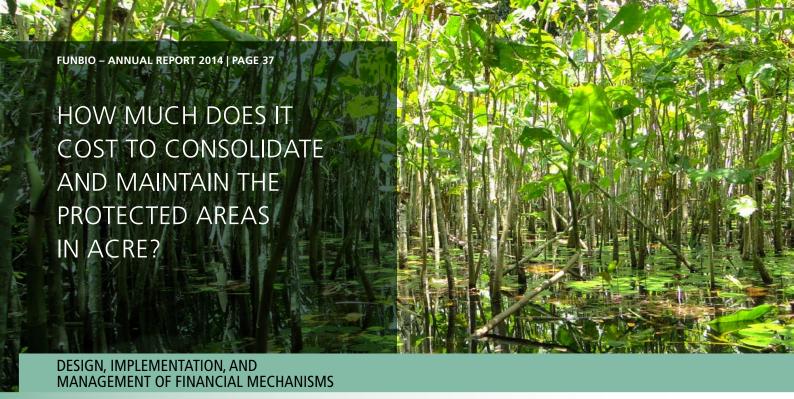


Photo: Leonardo Vianna Mohr | Arpa program archive



This study, financed by WWF-Brasil, aims to forecast the cost of consolidating and maintaining the protected areas in the state of Acre and to develop a funding strategy for them. The study was begun in April 2013 with the aim of designing a funding strategy for the protected areas in the state of Acre. The steps required to fulfill this aim were: calculating the investment and maintenance costs of the protected areas using a model developed by the Arpa program; calculating the current funding gap; identifying what sources of funds could fill this gap; and designing a funding strategy.

All these steps were taken in 2014 and as a result a financial strategy for the protected areas in the state of Acre was proposed, detailing the priority sources of funds and an action plan for obtaining these funds. Through this project, Acre will have the resources it needs to develop its own funding strategy for its protected areas.

Understanding funding needs and opportunities is crucial for designing effective, sustainable financial policies for conservation.





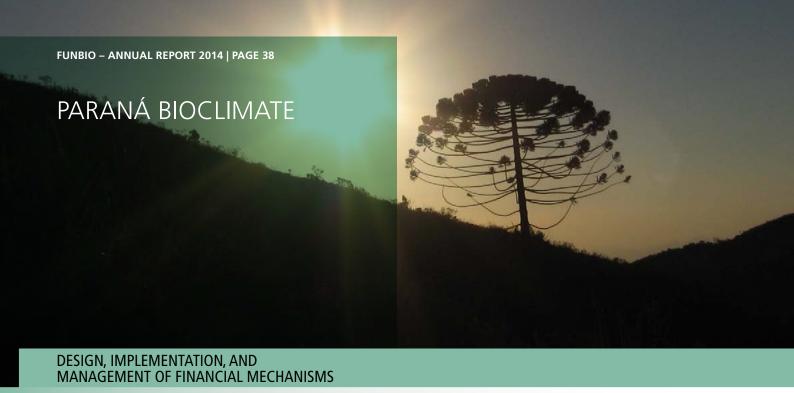


Photo: Alexandre Ferrazoli | Funbio



The aim of this project is to support the Paraná State Department of the Environment and Water Resources in the development and implementation of economic instruments to help strengthen its capacity to manage the conservation and sustainable use of the state's natural resources.

Initiated in 2012, the aim is to build a funding environment that boosts the volume of resources available for the state's environmental policy. An effort was made to include all the stakeholders involved in the subject, with supervision and validation of the data being done throughout by representatives from the Department of the Environment and Water Resources and the Paraná Environmental Institute.

Meetings and workshops were held to align and focus the needs of the project and to transmit the results obtained.

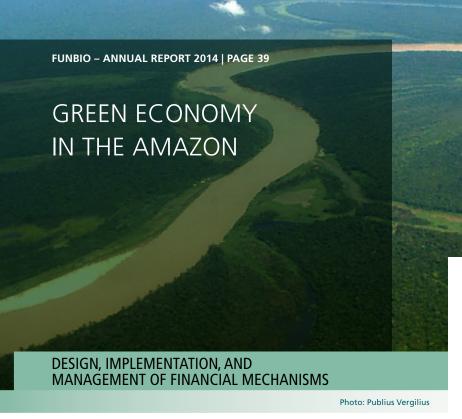
All the work done and all the products delivered by Funbio were based on interviews held with representatives of the Department of the Environment and Water Resources and the Paraná Environmental Institute and meetings with internal and external teams (ANA, EMATER, Sanepar, Instituto das Águas Paraná, etc.). National and state legislation on the topic and existing calculation methodologies formed the cornerstones of the instruments.

Throughout 2014, the methodologies were refined and the implementation

methods for the funding mechanisms were better structured. By the end of the project, six products had been delivered, three of which can be broken down into seven sub-products. They were: calculation of the financial needs of Paraná's protected areas; mapping and analyzing sources of funding; environmental compensation in the state; a study into the design of a private funding mechanism for the State System for the Payment of Environmental Services; and the design of the funding mechanism.









JNBIO

The aim of this project is to transform the economy of the municipality of São Félix do Xingu (Pará) and have it removed from the list of municipalities under environmental embargo because of its high rates of deforestation and forest degradation. It is conducted in partnership with The Nature Conservancy (TNC) and is funded by the British Foreign and Commonwealth Office's Prosperity Fund.

This project stems from the Preparing Brazil for REDD+ project, concluded in 2013, which focused on strengthening the capacity of state and local governments to reduce land userelated greenhouse gas emissions and incentivize the adoption of best practices in the management of private landholdings, assisting in the transition to a low-carbon economy in the states of Mato Grosso and Pará.

São Félix do Xingu is a municipality that covers 84,213 km². Although 73% of its original forest cover is still intact, it is at the top of the list of municipalities with the highest levels of deforestation. The municipal economy, based primarily on extensive livestock farming, was hit hard when the municipality was put under environmental embargo by the Ministry of the Environment, which imposed credit restrictions on some of its farmers.

The efforts to transform the São Félix do Xingu economy include designing a funding mechanism to help reduce deforestation and forest degradation, designing a scheme for distributing the benefits from REDD+ projects, and sharing these experiences within the ambit of the Green Municipalities program. The Green Land Fund, designed via a participatory process with the involvement of local stakeholders, was launched at an official ceremony in Brasilia in April 2014. Also in 2014, Funbio supported TNC in the effort to obtain resources for the new fund.





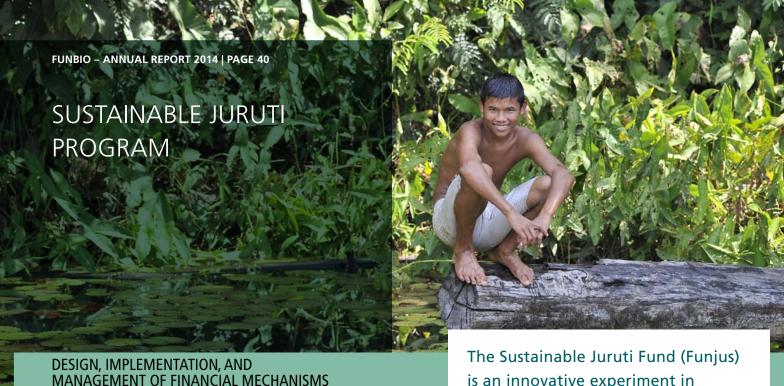


Photo: Publius Vergilius





is an innovative experiment in providing financial support for socioenvironmental projects in Juruti, a municipality in the state of Pará. A voluntary, private financial mechanism, it constitutes one of the three pillars of the Sustainable Juruti development strategy.

Developed by Funbio in 2009, it is an integral part of the Sustainable Juruti development strategy, which also includes an advisory forum called the Sustainable Juruti Council (Conjus), and development indicators, with a baseline developed by Fundação Getúlio Vargas using a methodology devised in conjunction with the community. It is designed to facilitate access to financial and material resources by leveraging other (public and private) funds and supporting projects that include social, economic, and environmental issues geared towards the sustainable development of Juruti and its surroundings.

In its first stage, Funjus funded, monitored, and ran 24 projects, and also designed and made the adaptations necessary to the proposed model, including management tools and controls. Other funding options for the municipality were also investigated, such as a call for partners and voluntary donations for Conjus.

Funbio devised and refined the mechanism, and took on the role of executive secretariat, assisting and supporting the governing council in decisions about the strategies designed for priority investments. It was also responsible for running the fund's activities, but these have gradually been transferred to local managers in a long transition process of transferring all the procedures involved and knowledge acquired.

In 2014, the information sharing model took the form of capacity building in the management tools. The training was split into 13 modules: introduction to the concept of funds; management by the board; management by the executive secretariat; asset management; management by donors; communication plan; information and document management; selection; contracting processes; execution; monitoring and evaluation; financial planning; and accounting controls. The modules were divided into five sessions, four of which were held in Juruti. The last one will be held in 2015 at Funbio, when the work of other partners will be presented.



















# CLIMATE CHANGE

Photo: Du Zuppani





Photo: Palê Zuppani

The Paiter Surui Fund is a financial mechanism created for the implementation of the management plan for the Sete de Setembro indigenous land, which straddles the states of Rondônia and Mato Grosso. It is based on the principles of good governance and transparency, and indigenous representative councils are actively involved in decision-making processes.



This project is a way of consolidating and extending the reach of the proposals and targets of the National Policy for Climate Change and the Action Plan for the Prevention and Control of Deforestation in the Amazon. In the region, the project is aligned with the objectives of the Rondônia state's Deforestation Combat and Prevention Plan.

Financial resources obtained from the sale of carbon credits and other sources are incorporated into the Paiter Surui Fund. Funbio is responsible for the fund's design and financial management.

The Surui people defend the conservation of their natural resources, and in the last decade, under the leadership of Almir Surui, they have prepared a 50-year strategic plan for the conservation, protection, and sustainability of their lands. To finance this plan, they have developed a REDD+ carbon project and a fund to receive the financial resources obtained from the sale of carbon credits and other sources. Designed and man-

aged by Funbio, the fund finances projects proposed by Surui associations.

In 2014 all the credits from the first verification period were sold, constituting 170,000 verified carbon units (VCUs) for Natura's voluntary GHG emissions offset program, and 75,000 VCUs for The CarbonNeutral Company, with a view to neutralizing the GHG emissions associated with the World Cup held in Brazil in 2014.

Disbursements were also made for the associations, and two capacity building sessions were held. The first, about the fund's management tools, was for the Metareilá Association, while

the second, on management tools for community projects, was for indigenous associations.

















The Forest Investment Program of the Climate Investment Funds supports efforts to reduce deforestation and forest degradation and promote sustainable forest management in order to reduce emissions and increase forest carbon stocks.

In Brazil the program supports the Brazil Investment Plan, which operates in the Cerrado biome through coordinated actions.

The aim of this project is to prepare the Brazilian application to be submitted to the World Bank for approximately 70 million dollars in the form of grants and loans. Since the start of the project in 2012, different meetings have been held involving several ministries and civil society representatives to discuss the program's four action lines in Brazil: the low-carbon agriculture plan, the registry of rural landholdings, a fire early-warning system, and a forest inventory of the biome.

Alongside the public consultation workshops, a number of other actions, including technical field visits, have been taken to gather, organize, and collate data and information from the public (state and federal) and other entities involved to assist the respective states in their planning processes. The participative approach to this process is crucial for the design of the projects, as it provides knowledge on the needs, opportunities, and difficulties of the different actors.

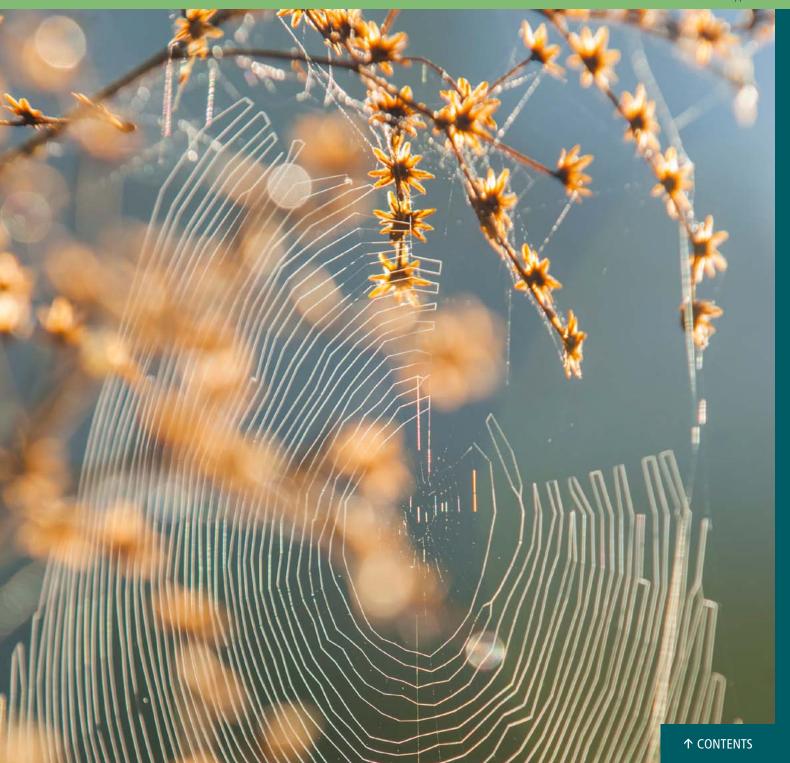






# **NETWORKS**

Photo: Du Zuppani





**NETWORKS** 







The CFA is a global network that contributes to the exchange of knowledge and best practices in conservation finance by holding meetings and debates, conducting research, and producing publications.

The CFA ended 2014 with 590 voluntary members in 109 countries, 150 of whom joined that year – the highest number since Funbio took over as its executive secretariat in 2008.

Four studies on conservation funding were launched: Supporting biodiversity conservation ventures: Assessing the Impact Investing sector for an investment strategy to support environmental entrepreneurism (February 2014); Conservation Trust Funds Investment Survey 2014 — CTIS 2013 (September 2014); Sustainable Financing of Protected Areas: Conservation Trust Funds and Projects: Comparative Advantages (November 2014); and Practice Standards

for Conservation Trust Funds (December 2014), bringing to 16 the total number of studies produced by the network since its creation in 2002.

In May, at the 5th Assembly of the GEF in Cancun, Mexico, the CFA organized a side event on Environmental Funds and Conservation Finance, presenting the preliminary versions of the studies published in the second half of the year.

In the following months, the executive secretariat and executive committee of the CFA were involved in preparing the 6<sup>th</sup> IUCN World Parks Congress, held in November in Sydney, Australia. The CFA was invited to lead the discussions

about conservation funding at the congress and to join the group of experts for the World Commission on Protected Areas. The network had a stand during the event, putting on debates, panel discussions, workshops, presentations, and launches of publications.

Funbio's tenure as executive secretariat of the CFA expires at the end of June 2015, and the network is already preparing a new governance model and structure. All the studies thus far produced by the network can be accessed at

WWW.CONSERVATIONFINANCE.ORG TOOLKIT.CONSERVATIONFINANCE.ORG



























Covering funds from Latin America, the Caribbean, and Africa, the project fosters the exchange of experiences, the systematization of case studies and best practices, the development of methodologies in working groups, and pilot projects to test new mechanisms for conservation.

In 2014, the fourth and last year of the project, two capacity building workshops were held. The first, about how environmental funds can work with the extractive industry, especially mining companies, was held in Cameroon, Africa, as part of the 4<sup>th</sup> General Assembly of CAFE (Consortium of African Funds for the Environment). The second – and the last of the project – was in Guayaquil, Ecuador, coinciding with the 16<sup>th</sup> RedLAC General Assembly, and focused on case study methods. The funds prepared case studies about their institutions and projects, and took a field trip to the Galapagos Islands.

Two mentoring projects between environmental funds were also completed. In these, more experienced, established funds provide support in a particular area for a newer fund. In this case, Funbio helped a Mozambican fund, Biofund, to structure its financial procedures.

All the material produced over the four years of this project has been translated into English, Spanish, and French, and can be accessed on the Funbio and RedLAC websites. The next step will be to launch a web platform where this material and other publications that come to be produced by RedLAC members and the African funds from its sister network, CAFE, can be posted.

duce their dependency on donations

and diversify their sources of funding.

Five pilot projects have also been co-funded by this project with a view to testing innovative funding mechanisms, connecting the funds to new financial sources. The main results include the creation of CAFE (Consortium of African Funds for the Environment), which is now working alongside RedLAC on a new project, starting in 2015, to strengthen funds from both regions. This project is set to run until 2018.

#### WWW.REDLAC.ORG

In all, 11 workshops for the capacity building of environmental funds were run under this project – five in Africa and six in Latin America. Over 30 case studies of environmental funds were organized and the network fostered exchanges of experience between funds through mentoring.



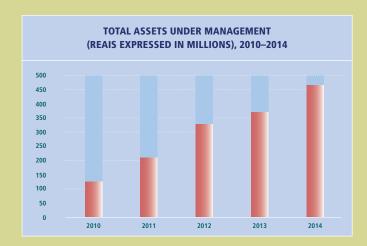




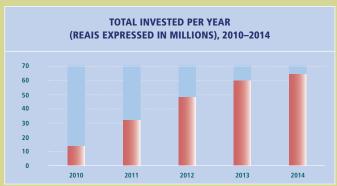
## **TRANSPARENCY**

In order to ensure that the funds received are optimized and invested appropriately in conservation projects, Funbio engages in financial management and procurement activities and supports its partners in drafting their annual operational plans, planning project requirements, and allocating financial resources, goods, and services. All this work is monitored and reported back to the financiers and donors on a regular basis, assuring transparency in the use of resources

The Asset Management Committee, whose members are both invited experts and from the Governing Council, is responsible for selecting the professional asset manager, establishing the investment policy for the different funds administrated by Funbio, and monitoring their results. The Finance and Audit Committee, composed of members from the Governing Council and Advisory Board, is in charge of evaluating Funbio's financial management, and reviewing and signing off on its financial statements.



Total assets under management (Dec. 2014) 464 million reais



Total invested in the year (Dec. 2014) 55 million reais



## TRANSPARENCY

#### INTERNAL AUDIT AREA

In 2013, an internal audit area was created in Funbio, which investigates control-related issues and the integrity of accounting and financial data, and above all identifies and addresses any distortions or failures its operations. Amongst other things, it is responsible for supporting Funbio in the observance of best management practices to assure an adequate control environment and the security of all operations. As this is an independent function and an instrument that impacts on every level of the organization, it fosters appropriate working relations between the different areas, supports and drives improvements to processes, and above all serves as a benchmark for the implementation and engagement of best practices in organizational governance.

In 2014 it audited processes in the accounting, treasury, procurement, legal, human resources, program management, and project management areas, and the Documentation Center. All the activities were described, the risks were identified, and the controls were mapped out for tests to be done. The partial results were presented at the meeting of the Governing Council in December, and some ways of improving the processes were put forward. The final internal audit report will be issued in 2015, summarizing all the engagements done and the next steps, which will include a reevaluation of the risk events identified. As oriented by the GEF evaluation team, a new vertical audit will be done in 2015 in the areas that present the most significant risks for the institution.

#### **EXTERNAL AUDIT**

The financial statements as at December 31, 2014, can be accessed on the Funbio website together with the footnotes and the independent auditors' report:

WWW.FUNBIO.ORG.BR/EN/TRANSPARENCIA/AUDITORIA



## **FUNBIO NETWORK**

## INTERNATIONAL COOPERATION

## **BUSINESSES**

## **PUBLIC SECTOR PARTNERS**

## INTERNATIONAL **PARTNERS**

## **THIRD SECTOR**

### **COMPANIES**

- Alcoa
- Anglo American
- BP
- Eneva
- Klabin
- Natura
- OGX
- Petrobras
- Vale
- Votorantim

#### - INTERNATIONAL COOPERATION

- German Agency for International Cooperation - GiZ
- United States Agency for International Development - USAID
- KfW Development Bank
- Inter-American Development Bank -IDB
- World Bank
- Fonds Français pour l'Environnement Mondial – FFEM

- Amazon Fund Brazilian Development Bank - BNDES
- Global Environment Facility GEF
- L'Agence Française de Développement
- Food and Agriculture Organization of the United Nations - FAO
- United Nations Environment Programme - UNEP
- German Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU)
- European Union

#### **PUBLIC SECTOR PARTNERS**

- Brazilian Institute of Environment and Renewable Natural Resources -**IBAMA**
- Instituto Chico Mendes de Conservação da Biodiversidade -**ICMBio**
- Rio de Janeiro State Environmental Institute

- Brazilian Ministry of Mines and Energy
- Brazilian Ministry of the Environment
- Brazilian Federal Public Prosecution Service
- Pará State Department of the Environment
- Paraná State Department of the Environment
- Rio de Janeiro State Department of the Environment
- Rondônia State Department of Environmental Development
- Amapá State Department of the Environment
- Serviço Nacional de Aprendizagem Rural – SENAR/RS

#### INTERNATIONAL PARTNERS

- Alcoa Foundation
- Bioversity International
- Climate Works
- Consortium of African Funds for the Environment - CAFE

# FUNBIO

## **FUNBIO NETWORK**

- Credit Suisse
- Environmental Defense Fund
- Fondation Internationale du Banc d'Arquin – FIBA
- Fondations Pour Les Aires Protegees et la Biodiversite de Madagascar
- Forest Trends
- BioGuiné Foundation
- Gordon and Betty Moore Foundation
- Fundación Avina
- ICCO Foundation
- IUCN South Africa Country Office
- Latin America Regional Climate
   Initiative LARCI
- Linden Trust for Conservation
- Mava Foundation
- Oak Foundation
- RedLAC Red de Fondos Ambientales de Latinoamérica y el Caribe
- Skoll Foundation
- The Carbon Neutral Company Limited
- The Nature Conservancy TNC
- Wildlife Conservation Society
- WWF-US

### **BRAZILIAN THIRD SECTOR**

- Alternativas para a Pequena
   Agricultura no Tocantins APA-TO
- Ambiente Brasil Centro de Estudos
- Assessoria e Serviços a Projetos em Agricultura Alternativa – ASPTA
- Associação Brotar e Crescer
- Associação Civil Muriqui de
   Desenvolvimento Sustentável –
   Associação Pró-Muriqui
- Associação Conservação da Vida Silvestre – WCS/Brasil

- Associação de Desenvolvimento de Produtos da Sociobiodiversidade – FITOVIDA
- Associação de Educação e Assistência
   Social Nossa Senhora da Assunção –
   ANSA
- Associação de Pesquisa e Preservação de Ecossistemas Aquáticos – AQUASIS
- Associação de Preservação do Meio
   Ambiente e da Vida APREMAVI
- Associação dos Agricultores
   Agroflorestais de Barra do Turvo
   e Adrianópolis Cooperafloresta
- Associação dos Amigos do Meio
   Ambiente AMA
- Associação Flora Brasil
- Associação Floresta Protegida AFP
- Associação Metareilá
- Associação Mico-Leão-Dourado –AMLD
- Associação Movimento Mecenas da
   Vida Movimento Mecenas da Vida
- Associação Onça Dágua de Apoio a Unidades de Conservação do Tocantins
- Associação Instituto Araguaia de Proteção Ambiental e Naturatins
- Associação para a Conservação das Aves do Brasil – SAVE BRASIL
- Associação para a Proteção da Mata Atlântica do Nordeste – AMANE
- Associação Plantas do Nordeste –
   APNE
- Associação Técnico Científica Ernesto Luiz Oliveira Júnior – ATECEL
- Caipora Cooperativa para Proteção
   e Conservação dos Recursos Naturais
- CEAPS Centro de Estudos Avançados de Promoção Social e Ambiental

- Centro Brasileiro de Estudos em Ecologia de Estradas – CBEE/Fundação de Desenvolvimento Científico e Cultural – FUNDECC
- Centro de Desenvolvimento
   Agroecológico SABIÁ
- Centro de Desenvolvimento
   Agroecológico do Cerrado CEDAC
- Centro de Desenvolvimento
   Agroecológico do Extremo Sul da Bahia – TERRA VIVA
- Centro de Estudos e Pesquisas para o Desenvolvimento do Extremo Sul da Bahia – CEPEDES
- Centro de Formação Sócio-Agrícola
   Dom Hélder Câmara
- Centro de Pesquisas Ambientais do Nordeste – Cepan
- Centro de Tecnologias Alternativas da Zona da Mata – CTA-ZM
- Centro Ecológico CE
- Centro Vianei de Educação Popular –
   Associação Vianei de Cooperação e
   Intercâmbio no Trabalho, Educação,
   Cultura e Saúde AVICITECS
- Comissão Ilha Ativa CIA
- Conselho Juruti Sustentável Conjus
- Conservação Internacional CI-Brasil
- Cooperativa Mista de Agricultores
   Familiares, Extrativistas, Pescadores,
   Vazanteiros e Guias Turísticos
   do Cerrado COOPCERRADO
- Crescente Fértil Projeto Ambientais,
   Culturais e de Comunicação
- Embrapa Recursos Genéticos
   e Biotecnologia Cenargen
- Fundação Arthur Bernardes Funarbe
- Fundação de Apoio à Pesquisa Agrícola – FUNDAG



## **FUNBIO NETWORK**

- Fundação de Apoio a Pesquisa,
   Ensino e Extensão FUNEP
- Fundação de Apoio ao
   Desenvolvimento Institucional,
   Científico e Tecnológico da
   Universidade Estadual de Ponta
   Grossa FAUEPG
- Fundação Eliseu Alves
- Fundação Espírito-Santense de Tecnologia – FEST
- Fundação Flora de Apoio à Botânica
- Fundação Getúlio Vargas GV-CES
- Fundação Matutu
- Fundação Neotrópica do Brasil FNB
- Fundação para o Desenvolvimento
   Científico e Tecnológico em Saúde –
   FIOTEC
- Fundação para o Desenvolvimento
   Sustentável da Terra Potiguar –
   FUNDEP
- Fundação Pró-Natureza FUNATURA
- Fundação SOS Pró-Mata Atlântica
- Grupo Ambientalista da Bahia –
   Gambá
- Iniciativa Verde
- Instituto Alto-Montana da Serra Fina
- Instituto Ambiental Brasil SustentávelIABS
- Instituto Ambiente em Foco IAF
- Instituto Amigos da Reserva da Biosfera da Mata Atlântica – IA-RBMA

- Instituto Arapyaú de Educação e Desenvolvimento Sustentável
- Instituto Brasileiro de Pesquisas
   e Estudos Ambientais Pró-Natura
- Instituto Centro de Vida ICV
- Instituto de Apoio a Agricultura
   Familiar e Desenvolvimento
   Sustentável Rede Terra
- Instituto de Ecologia SocialCarnaúba IESC
- Instituto de Permacultura e Ecovilas da Mata Atlântica – IPEMA
- Instituto de Pesquisas da Mata
   Atlânctica IPEMA
- Instituto de Pesquisas Ecológicas IPÊ
- Instituto Floresta Viva
- Instituto Internacional de Educação do Brasil – IEB
- Instituto para o Desenvolvimento
   Sustentável e Cidadania do Vale
   do Ribeira IDESC
- Instituto Pri-Matas para a Conservação da Biodiversidade – PRI-MATAS
- Instituto Pro Terra
- Instituto Raoni
- Instituto Semeia
- Instituto Sociedade, População e Natureza – ISPN
- Instituto Socioambiental ISA
- Instituto Terra Brasilis

- Instituto Terra de Preservação
   Ambiental ITPA
- Instituto Walden Tempo, Homem e Natureza
- Instituto Xopotó para o Desenvolvimento Social, Econômico, Ambiental
- Instituto Ynamata de Desenvolvimento Sócio-Econômico e Conservação da Natureza
- Mater Natura Instituto de Estudos
   Ambientais
- ONG Pátio das Artes: Pró-Mata
- Organização da Conservação de Terras do Baixo Sul – OCT
- Organização Sertaneja dos Amigos da Natureza – SOS SERTÃO
- Programa de Educação Ambiental –
   PREA
- Rede de Sementes do Cerrado
- Sociedade de Pesquisa em Vida
   Selvagem e Educação Ambiental –
   SPVS
- Sociedade Nordestina de Ecologia –
   SNE
- União Brasileira de Educação e
   Ensino UBEE/Instituto Marista
   de Solidariedade IMS
- WWF-Brasil

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